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## **Corporate Information**

### **BOARD OF DIRECTORS**

**Ms. Mehnaz Kaludi - Chairperson**  
**\*Mir Javed Hashmat - Chief Executive Officer**  
**Mr. Ihsan ul Haq Khan**  
**Mr. Ali A. Rahim**  
**Mr. Junaid Mohmand**  
**Mian Tahir Bashir**  
**Mr. Ateeq Ur Rehman**

\* Subject to Approval of SECP

### **AUDIT COMMITTEE**

**Mr. Ateeq Ur Rehman Chairman**  
**Mr. Ali A. Rahim Member**  
**Mian Tahir Bashir Member**

### **HUMAN RESOURCE COMMITTEE**

**Ms. Mehnaz Kaludi Chairperson**  
**Mr. Ihsan ul Haq Khan Member**  
**Mr. Junaid Mohmand Member**

## Corporate Information

### **COMPANY SECRETARY & CFO**

Mr. Osama Iqbal

### **ACTING INTERNAL AUDITOR**

Mr. Naeem-ul-Hasan

### **EXTERNAL AUDITORS**

KPMG Taseer Hadi & Co.  
Chartered Accountants

### **TAX CONSULTANT**

Earnst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

### **LEGAL ADVISOR**

Mohsin Tayebaly & Company,  
Advocate & Legal Consultant

### **CREDIT RATING**

Long-term: BB +      Short-term: B

### **REGISTERED OFFICE**

56-F, Nazim-ul-Din Road, F-6/1, Blue Area, Islamabad.

### **MAIN OFFICE**

Office # 304, 3rd Floor, Business Arcade, Shakra-e-Faisal, Karachi.

Tel: (+92-21) 34322128-129-137

Fax: (+92-21) 34322082

E-mail: info@smelease.com

### **REGISTRAR AND SHARE TRANSFER OFFICE**

#### **Corptec Associates (Pvt.) Limited**

503-E, Johar Town, Lahore.

Tel: 042-35170336-7, Fax: 042-35170338

E-mail: info@corptec.com.pk

### **BANKS AND LENDING INSTITUTIONS**

Allied Bank Limited

MCB Bank Limited

SME Bank Limited

Meezan Bank Limited



## Directors' Review Report

The Board of Directors of **SME Leasing Limited** (the company) is pleased to present their report and un-audited Financial Statements of the Company for the quarter ended March 31, 2015. They are equally pleased to share with you that the Company has appointed a full time CEO by the end of quarter under review.

During the period under review Pakistan economic conditions still remained full of uncertainties mainly due to law and order situation, terrorism and energy crises etc. This not only impacted the cost of doing business at higher side but also shake the confidence of small and medium investor. The lack of availability of financing not only shakes the confidence of the investor but also effect the growth of the economy. However the moral of your company's management is high and continuously not only diligently handling the current economic situations, but also concentrating on new business opportunities at handsome profit margin.

During the quarter ended March 31, 2015, the company transacted business worth Rs.2.20 Million as compared to Rs.68.10 Million on March 31, 2014. This is mainly due to the reason that the company has to use its recoveries for the payment of Short term Borrowings from sponsor bank under the prudential regulations of State Bank of Pakistan. During the quarter, the company earned a loss after tax of Rs. 2.96 Million as compared to net loss after tax of Rs.3.43 Million during the corresponding period of 2014. During the quarter ended March 31, 2015, there is net reversal of Rs.0.69 Million against potential lease losses as compared to Rs. 1.09 Million in 2014. Total assets of the company have decreased to Rs. 633.20 Million from Rs. 658.38 Million as of December 2014 mainly due to the aggressive recovery efforts and negligible disbursements. The gross revenue of the company has increased to Rs. 10.37 Million as compared to Rs. 6.39 million in the corresponding period of the previous year. As a result of above mentioned facts the equity of the company also reduced to Rs. 187.57 Million as against Rs. 190.47 Million in the corresponding year ended December 31, 2014.

The company is working on various funding option in consultation with the main sponsor SME Bank Limited, in order to build new healthy assets during the year. Initiatives are being taken to improve quality of appraisal, strengthen recovery and marketing process, and induct competent human resource to turn around the company in short span of time. Room for improvement is always there, and your directors being conscious of their responsibilities are determined to ensure that better results are obtained in future.

The board recognizes and appreciates the support and role of the lending institutions, regulatory authorities, management team and all the staff members of the company.

On behalf of Board of Directors

**Ms. Mehnaz Kaludi**  
Chairperson

Dated: April 24, 2015

1st Quarterly Report

## Condensed Interim Balance Sheet (Un-audited)

As at March 31, 2015.

	Note	March 31, 2015 (Un-Audited)	December 31, 2014 (Audited)
Rupees .....			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	3	5,216,975	5,520,170
Mark-up accrued		1,650,959	1,391,293
Loans and advances		2,311,738	2,129,255
Deposits, prepayments and other receivables		1,605,581	982,396
Investments - available for sale	4	3,173,305	3,209,123
Asset Held for Sale		3,979,986	3,979,986
Current maturity of non current assets		415,851,935	416,543,263
<b>Total current assets</b>		<b>433,790,479</b>	<b>433,755,486</b>
<b>Non-current assets</b>			
Long term finances and loans	5	50,161,496	57,647,617
Net investment in leases	6	137,838,401	154,887,400
Long-term deposits and prepayments		1,564,160	1,626,654
Property and equipment		9,846,351	10,466,345
		<u>199,410,408</u>	<u>224,628,016</u>
<b>Total assets</b>		<b>633,200,887</b>	<b>658,383,502</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and others payable		6,049,656	15,654,125
Mark-up accrued		2,295,393	2,382,032
Short term borrowings		154,794,920	155,320,077
Current Maturity of non current liabilities		199,617,621	208,632,647
Provision for compensated absences	8	1,121,551	1,033,768
Taxation payable		12,418,007	12,334,023
<b>Total current liabilities</b>		<b>376,297,148</b>	<b>395,356,672</b>
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease		1,698,151	1,974,255
Long-term deposits		63,281,901	65,971,901
Deferred liabilities		4,444,467	4,606,467
		<u>69,424,519</u>	<u>72,552,623</u>
<b>Total liabilities</b>		<b>445,721,667</b>	<b>467,909,295</b>
<b>NET ASSETS</b>		<b>187,479,220</b>	<b>190,474,207</b>
<b>FINANCED BY</b>			
Authorised share capital 100,000,000 (2010: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital		320,000,000	320,000,000
Reserves		48,466,329	48,466,329
Accumulated ( Loss )		(182,980,414)	(180,021,245)
		<u>185,485,915</u>	<u>188,445,084</u>
Unrealized loss on available for sale investments		1,993,305	202,9123
<b>Total shareholder's equity</b>		<b>187,479,220</b>	<b>190,474,207</b>
Contingencies and commitments	9		

The annexed notes 1 to 16 form an integral part of these financial statements.

  
**Ali A. Rahim**  
Director

  
**Mir Javed Hashmat**  
Chief Executive Officer

## Condensed Interim Profit And Loss Account (Un-audited)

For the 1st Quarter ended March 31, 2015

	Note	March 31, 2015 (Un-Audited)	March 31, 2014 (Audited)
..... Rupees .....			
<b>REVENUE</b>			
Income from operations	10	10,272,210	6,319,625
Other operating income		101,121	73,458
Total revenue		10,373,331	6,393,083
<b>EXPENSES</b>			
Administrative	11	8,421,866	8,988,466
Finance cost	12	5,496,797	1,868,713
Total expenses		13,918,663	10,857,179
Operating (loss) before provisions		(3,545,332)	(4,464,096)
<b>PROVISIONS</b>			
Provision for potential lease losses		(712,433)	(1,108,493)
Provision for loans and receivables		22,537	18,125
Total provisions		(689,896)	(1,090,368)
(Loss) before taxation		(2,855,436)	(3,373,728)
<b>TAXATION</b>			
Current		103,733	63,931
Deferred		-	-
		103,733	63,931
(Loss) for the period		(2,959,169)	(3,437,659)
(Loss) per share - basic and diluted		(0.09)	(0.11)



**Ali A. Rahim**  
Director



**Mir Javed Hashmat**  
Chief Executive Officer

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the 1st Quarter ended March 31, 2015

	March 31, 2015	March 31, 2014
	..... Rupees .....	
<b>(Loss) for the period after tax</b>	<b>(2,959,169)</b>	(3,437,659)
<b>Other comprehensive income</b>		
Deficit on revaluation of available-for-sale investments-Net	<b>(35,818)</b>	7,810
	<b>(35,818)</b>	7,810
<b>Total comprehensive (loss) for the period</b>	<b><u>(2,994,987)</u></b>	<u>(3,429,849)</u>

The annexed notes 1 to 16 form an integral part of these financial statements



**Ali A. Rahim**  
Director



**Mir Javed Hashmat**  
Chief Executive Officer



## Condensed Interim Cash Flow Statement (Un-audited)

For the 1st Quarter ended March 31, 2015

Note	March 31, 2015	March 31, 2014
..... Rupees .....		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash generated from operations after working capital changes	9 (8,159,453)	(4,281,458)
(Increase)/Decrease in net investment in leases	25,733,097	(9,973,555)
(Increase)/Decrease in loans and receivables	183,247	(15,372,286)
Mark-up paid	(5,500,472)	(1,247,898)
Mark-up received	19,688	62,458
Gratuity paid	(312,000)	(107,063)
Taxes paid	(19,749)	(314,745)
Long term deposits received	(11,649,001)	(970,047)
	<b>8,454,810</b>	(27,923,136)
<b>Net cash used in operating activities</b>	<b>295,357</b>	(32,204,594)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	-	(189,224)
Proceeds from disposal of fixed assets	279,200	-
(Increase)/Decrease in investments	-	2,000,000
(Increase)/Decrease in long-term deposits and prepayments	62,494	62,500
Net cash from / (used-in) investing activities	<b>341,694</b>	1,873,276
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in long-term finance	-	(609,825)
Lease rentals paid	(415,089)	(384,961)
<b>Net cash from financing activities</b>	<b>(415,089)</b>	(994,786)
Net increase / (decrease) in cash and cash equivalents	<b>(221,962)</b>	(31,326,104)
Cash and cash equivalents at beginning of the year	<b>(149,799,907)</b>	(31,501,070)
Cash and cash equivalents at end of the period	10 <b>(149,577,945)</b>	(62,827,174)

The annexed notes 1 to 16 form an integral part of these financial statements.

  
Ali A. Rahim  
Director

  
Mir Javed Hashmat  
Chief Executive Officer



## Condensed Interim Statement of Changes in Equity (Un-audited)

For the 1st Quarter ended March 31, 2015

	Capital reserves		Revenue reserves			Total shareholder's equity	
	Issued, subscribed and paid-up capital	Share premium	Statutory reserve	Reserve against future losses	Un-appropriated profit		Deficit on revaluation of available for sale investments
----- Rupees -----							
<b>Balance as at January 1, 2014</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>28,019,277</b>	<b>10,447,052</b>	<b>(168,940,325)</b>	<b>807,699</b>	<b>200,333,703</b>
(Loss) after Taxation	-	-	-	-	(3,437,659)	-	(3,437,659)
Surplus on revaluation of available -for-sale investments - Net	-	-	-	-	-	7,810	7,810
Actuarial Gain on obligatin	-	-	-	-	-	-	-
<b>Balance as at March 31, 2014</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>28,019,277</b>	<b>10,447,052</b>	<b>(172,377,984)</b>	<b>815,509</b>	<b>196,903,854</b>
<b>Balance as at January 01, 2015</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>28,019,277</b>	<b>10,447,052</b>	<b>(180,021,245)</b>	<b>2,029,123</b>	<b>190,474,207</b>
Profit after Taxation	-	-	-	-	-	(2,959,169)	(2,959,169)
Surplus on revaluation of available -for-sale investments - Net	-	-	-	-	-	-	-
<b>Balance as at March 31, 2015</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>28,019,277</b>	<b>10,447,052</b>	<b>(182,980,414)</b>	<b>2,029,123</b>	<b>187,515,038</b>

The annexed notes 1 to 16 form an integral part of these financial statements



**Ali A. Rahim**  
Director



**Mir Javed Hashmat**  
Chief Executive Officer



## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2015

### 1. THE COMPANY AND ITS OPERATIONS

SME Leasing Limited was incorporated in Pakistan on July 12, 2002 as an unlisted public company and acquired the status of a listed company on December 13, 2006. The company is a subsidiary of SME Bank Limited, who holds 73.14% (2014: 73.14%) of the shareholding of the company. At the time of incorporation, the company was a wholly owned subsidiary of SME Bank Limited, whereby under an arrangement the assets and liabilities of the leasing division of SME Bank Limited were transferred to the company on January 28, 2003. The company is listed on Lahore Stock Exchange and its registered office is situated at 56-F, Nazim-ul-Din Road F-6/1, Blue Area, Islamabad. The core objective of the company is to extend lease and working capital financing facilities to small and medium enterprises of the country.

The company is registered with the Securities and Exchange Commission of Pakistan as a leasing company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. These rules were amended vide SRO No. 1131 (I)/2007 on 21 November 2007 whereby Non Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations) were issued. Subsequently NBFC Regulations were amended vide SRO,1203,(1)/2008 on November 21,2008,whereby Non-Banking Finance Companies and Notified Regulations,2008 were issued.

- 1.2 Regulation 4 of Non-Banking finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations 2008 ) require a leasing company to maintain, at all times, minimum equity of Rs.700 millions by 30, June 2013. The equity of the Company as at 31, March 2015 is Rs.187.48 million which is Rs.512.52 million short of the minimum capital requirement. The Company has been incurring losses since the year ended 31 December 2009 which has resulted in erosion of equity. During the period ended 31 March 2015, the Company has after tax Loss of Rs.2.96 million and the accumulated losses as at 31 March 2015, amounting to Rs.182.98 million. Further, the net assets of the Company amounting to Rs. 187.48 million includes non performing loans, net of provision.

The license to conduct leasing business granted to the Company by the Securities and Exchange Commission of Pakistan (SECP) dated 30 June 2010, which expired on 20 May 2013, specifically mentions that the license is subject to consistent compliance with all the requirements of NBFC Regulations 2008.

The Company has applied for renewal of the license on 22 April 2013 and submitted a detailed business plan including measures to be taken for improvement of financial health of the Company and due compliance with minimum equity requirement as per NBFC Regulations 2008. Considering the financial health of the Company and expiry of leasing license, the SECP in letter dated 05 July 2013 instructed the Company to not to raise deposits from general public in any form till the compliance of the minimum equity requirement and the renewal of the leasing license.

### 2. STATEMENT OF COMPLIANCE

These un-audited financial statements are being presented and submitted to the shareholders as required under section 245 of the Companies Ordinance ,1984 and has been presented in accordance with the requirements of International Accounting Standards 34 " Interim Financial Reporting" as applicable in Pakistan, the Companies Ordinance, 1984, the Non Banking Companies (NBFCs) Rules, 2003 (the Rules), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the SECP.

#### 2.1. ACCOUNTING POLICIES

The accounting policies and methods of computations followed for the preparation of these accounts are same as those applied in preparing the annual accounts for the year ended December 31, 2014.

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2015

Note	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
..... Rupees .....		
<b>3. CASH AND BANK BALANCES</b>		
With State Bank of Pakistan in current account	<b>43,095</b>	23,095
With banks:		
in current accounts	<b>4,428,031</b>	5,285,026
in saving accounts	<b>679,337</b>	145,541
Cash in hand	<b>66,512</b>	66,508
3.1	<b>5,216,975</b>	5,520,170

3.1. This saving accounts carry profit rate of 6% per annum. (2014: 6 % per annum.)

Note	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
..... Rupees .....		
<b>4 INVESTMENTS - Available for Sale</b>		
Mutual Funds : Namco Close end	<b>2,500,000</b>	2,500,000
	<b>2,500,000</b>	2,500,000
Less: Provision for impairment in investment	<b>(1,320,000)</b>	(1,320,000)
Add: Surplus on revaluation of investment	<b>1,993,305</b>	2,029,123
	<b>673,305</b>	709,123
Fair value at the end of the period	<b>3,173,305</b>	3,209,123
<b>5. LONG TERM FINANCES AND LOANS - Secured</b>		
Related Parties - Considered good		
Employees	<b>1,184,883</b>	1,211,419
Others than Related parties	<b>64,584,711</b>	78,682,315
Customers: Considered good	<b>49,005,231</b>	35,064,338
Considered doubtful	<b>113,589,942</b>	113,746,653
<b>Less: Provision</b>	<b>(5,075,605)</b>	(5,053,068)
	<b>108,514,337</b>	108,693,585
	<b>109,699,220</b>	109,905,004
Less: Current maturity		
Related parties - Employees	<b>109,516</b>	107,709
Other than Related parties - Customers	<b>59,438,208</b>	52,149,678
Employees	<b>(59,537,724)</b>	(52,257,387)
	<b>50,161,496</b>	57,647,617



## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2015

Note	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
..... Rupees .....		
<b>6. NET INVESTMENT IN LEASES</b>		
Minimum lease payments receivable	<b>484,064,458</b>	504,944,028
Add: Residual value of leased assets	<b>260,491,222</b>	272,140,223
Lease contract receivable	6.1 <b>744,555,680</b>	777,084,251
Less: Unearned lease income	<b>91,824,391</b>	98,619,865
Less: Provision for potential lease losses	<b>158,578,677</b>	159,291,110
	<b>250,403,068</b>	257,910,975
Net investment in leases	<b>494,152,612</b>	519,173,276
Less: Current maturity of net investment in leases	<b>356,314,211</b>	364,285,877
Net investment in leases	<b>137,838,401</b>	154,887,399

6.1. The Internal Rate of Return (IRR) on lease contract receivable ranges from 10.00 % to 29.1 % (2014: 10.00% to 29.1%) per annum.

### 6-A Net investment in leases

	March 31, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Total	Later than one year & less than Five years	Not later than One year	Total	Later than one year & less than Five years	Not later than One year
..... Rupees .....						
Minimum Lease payments	<b>484,064,458</b>	83,982,483	400,081,975	<b>504,944,028</b>	104,235,133	400,708,895
Add : Residual Value of Leased Assets	<b>260,491,222</b>	63,281,901	197,209,321	<b>272,140,223</b>	65,971,901	206,168,322
Gross Investment in Leases	<b>744,555,680</b>	147,264,384	597,291,296	<b>777,084,251</b>	170,207,034	606,877,217
Unearned lease income	<b>(33,695,414)</b>	(9,425,983)	(24,269,431)	<b>(41,070,080)</b>	(13,407,649)	(27,662,431)
Markup held in Suspense Account	<b>(58,128,977)</b>	-	(58,128,977)	<b>(57,549,785)</b>	-	(57,549,785)
	<b>(91,824,391)</b>	(9,425,983)	(82,398,408)	<b>(98,619,865)</b>	(13,407,649)	(85,212,216)
	<b>652,731,289</b>	137,838,401	514,892,888	<b>678,464,386</b>	156,799,385	521,665,001
Provision for potential lease losses	<b>(158,578,677)</b>	-	(158,578,677)	<b>(157,379,125)</b>	(1,911,985)	(157,379,125)
Net Investment in Finance leases	<b>494,152,612</b>	137,838,401	356,314,211	<b>521,085,261</b>	154,887,400	364,285,876

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2015

Note	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
..... Rupees .....		
<b>7. Property and equipments</b>		
Fixed Assets	<b>9,817,935</b>	10,428,865
Intangible Assets	<b>28,416</b>	37,480
	<b><u>9,846,351</u></b>	<u>10,466,345</u>

7.1 The following is the detail of additions / disposals in the operating assets during the current period.

	March 31, 2015 Unaudited		December 31, 2014 Audited	
	Additions	Deletions	Additions	Deletions
..... Rupees .....				
<b>Owned</b>				
Office Premises / Building improvements	-	-	0	3,979,986 **
Furniture and fixtures	-	-	0	-
Computers	-	0	-	-
Intangible	-	0	-	-
Office equipment & others	-	-	0	-
Vehicles *	-	-	<b>698,000</b>	723,961
	-	-	<b>698,000</b>	4,703,947
<b>Leased Assets</b>				
Vehicles	-	-	-	(698,000)*
	-	-	<b>698,000</b>	<u>4,005,947</u>

\* Represents assets transferred from leased asset to owned assets for Rs.698,000/= .

\*\* Represents assets transferred from Owned assets to assets held for Sale 3,979,986/=.

Note	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
..... Rupees .....		
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
<b>Commitments</b>		
Lease disbursements	-	11,000,000

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2015

	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
	..... Rupees .....	
<b>9. INCOME FROM OPERATIONS</b>		
Income from finance lease operations	<b>7,363,755</b>	5,035,883
Gain/(Loss) on termination of leases	<b>31,689</b>	-
	<b>7,395,444</b>	5,035,883
Customers	<b>2,876,766</b>	1,283,742
	<b>10,272,210</b>	6,319,625
<b>OTHER OPERATING INCOME</b>		
Income from Investments	<b>4,662</b>	34,022
Income from financial assets	<b>15,026</b>	28,436
Gain from non-financial assets	<b>81,433</b>	11,000
	<b>101,121</b>	73,458
<b>11 ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Salaries, allowances and other benefits	<b>4,715,980</b>	4,850,058
Directors' fee	<b>120,000</b>	102,000
Rent	<b>518,904</b>	538,117
Electricity, gas and water	<b>155,206</b>	224,247
Telephone and postage	<b>201,793</b>	240,565
Repairs and maintenance	<b>101,855</b>	120,009
Books and periodicals	<b>8,480</b>	8,031
Fees and subscriptions	-	8,860
Vehicle running	<b>22,195</b>	174,999
Advertising	-	28,830
Training and development	<b>127,000</b>	5,000
Travelling, conveyance and entertainment	<b>660,814</b>	477,772
Printing and stationery	<b>41,138</b>	115,625
Auditors' remuneration	<b>5,125</b>	50,000
Depreciation and amortization	<b>422,223</b>	389,443
Legal and professional	<b>960,102</b>	989,639
Insurance	<b>228,116</b>	203,565
Commission & Brokerage charges	-	-
Miscellaneous	<b>132,935</b>	461,706
	<b>8,421,866</b>	8,988,466

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2015

	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
	..... Rupees .....	
<b>12. FINANCE COST</b>		
Mark-up on:		
Long term finance from banking companies and financial institutions	96,702	33,027
Certificates of Investment	-	9,660
Short term borrowings	5,308,442	1,703,454
	<b>5,405,144</b>	1,746,141
Lease finance charges	82,964	72,793
Bank charges	8,689	49,779
	<b>5,496,797</b>	1,868,713
Finance cost includes mark up expense related to SME Bank Limited, related party:		
Short term borrowings	5,308,442	1,703,454
	<b>5,308,442</b>	1,703,454
<b>13. CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>		
Profit / (Loss) before Tax	(2,855,436)	(3,373,728)
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	422,223	389,443
Gratuity expense	150,000	80,000
Mark-up expense	5,413,833	1,795,920
Mark-up income	(19,688)	(62,458)
Financial charges on leased assets	82,964	72,793
(Gain) on disposal of property and equipment	(81,433)	(11,000)
Provision for potential lease losses	(712,433)	(1,108,493)
Provision for loans and receivables	22,537	18,125
Total adjustments for non-cash charges and other items	<b>5,278,003</b>	1,174,330
<b>Cash generated from operations before working capital changes</b>	<b>2,422,567</b>	(2,199,398)
<b>Working capital changes (Increase) / decrease in current assets</b>		
Other receivable / Interest accrued	(259,666)	(14,824)
Deposits, prepayments & Other receivables	(623,185)	(55,867)
Loans and advances	(182,483)	(777,964)
	<b>(1,065,334)</b>	(848,655)
<b>Increase / (Decrease) in current liabilities</b>		
Provision for compensated absences	87,783	135,400
Trade and other payables	(9,604,469)	(1,368,805)
	<b>(9,516,686)</b>	(1,233,405)
Total working capital changes	<b>(10,582,020)</b>	(2,082,060)
<b>Cash generated from operations after working capital changes</b>	<b>(8,159,453)</b>	(4,281,458)



## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2015

	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
<b>14. CASH AND CASH EQUIVALENTS</b>	..... Rupees .....	
Cash and bank balances	<b>5,216,975</b>	9,067,062
Short term borrowings	<b>(154,794,920)</b>	(71,894,236)
	<b><u>(149,577,945)</u></b>	<u>(62,827,174)</u>

### 15. TRANSACTIONS WITH RELATED PARTIES

The related parties of the company include SME Bank Limited (holding company), Staff Provident fund, directors, key management personnel and companies in which directors are common or a hold office. Transactions with SME Bank Limited, directors and key management personnel are disclosed in their relevant notes. Transactions with other related parties and the balances outstanding at the year end are given below:

	March 31, 2015		December 31, 2014	
	Key Management Personnel (Un-audited)	SME Bank Limited	Key Management Personnel (Audited)	SME Bank Limited
	..... Rupees .....			
<b>Borrowings</b>				
Balance as at January 1		155,320,077		37,534,120
Add: Borrowings during the period		0		126,540,120
Less: Repayments during the period		(525,157)		(8,754,163)
Balance as at March 31, 2015.	<u>0</u>	<u>154,794,920</u>	<u>0</u>	<u>155,320,077</u>
Payable / Receivable from staff Provident fund		0		90,685
	March 31, 2015		March 31, 2014	
Markup expense for the period		5,308,442		1,703,454
Other Transactions				
Rent expenses		84,402		81,402
Key Management Remuneration	524,806		900,000	
Post Retirement Benefits	0		0	
P.F. - Company's Contribution	21,279		0	

- All transactions with the holding company are carried out on commercial terms and conditions.
- Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all departmental heads, chief executives and directors to be key management personnel. There are no transactions with key management personnel other than under their terms of employment.

### 16. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on April 24th 2015 by the Board of Directors of the company.

  
**Ali A. Rahim**  
Director

  
**Mir Javed Hashmat**  
Chief Executive Officer



## Branch Network

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Phone No. 92-21-34322128-9 Fax: 92-21-34322082

### HYDERABAD

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Cantonment Area, Saddar.  
Phone: 022-9200747, Fax: 022-9201060

### LAHORE

#### **Allama Iqbal Town Branch:**

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Karim Block, Allama Iqbal Town Road.  
Phone: 042-35295423-24  
Fax: 042-35295425

### ISLAMABAD

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Phone: 051-9257524, Fax: 051-9257520

### SIALKOT

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### PESHAWAR

34, Ground Floor, State Life Building, The Mall, Peshawar Cantt.  
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